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8 UNITED STATES BANKRUPTCY COURT

9 EASTERN DISTRICT OF CALIFORNIA

10 SACRAMENTO DIVISION

11 In re:

12 GRAIL SEMICONDUCTOR, a
California corporation,

13 14 Debtor-in-Possession

CASE NO. 15-29890

DCN: FWP-6

Date: February 10, 2016
Time: 10:00 a.m.
Courtroom: 34
501 I Street, 6th Floor
Sacramento, CA

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16 **DECLARATION OF MICHAEL F. BURKART IN SUPPORT OF DEBTOR'S MOTION**
TO REJECT EMPLOYMENT AGREEMENT WITH BRAD A. WOODS

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18 I, Michael F. Burkart, state and declare as follows:

19 1. I am the Chief Resolution Officer ("CRO") of Grail Semiconductor, a California
20 corporation, the Debtor and Debtor in Possession herein (the "Debtor" or "Grail"). In such
21 capacity, I am personally familiar with each of the facts stated herein, to which I could
22 competently testify if called upon to do so in a court of law. I make this Declaration in support of
23 the Debtor's Motion to Reject Employment Agreement with Brad A. Woods ("Motion"). All
24 capitalized terms not otherwise defined shall have the same meaning as in the Motion.

25 2. On December 15, 2015, I was appointed as the Debtor's CRO to lead Grail's
26 efforts to pursue claims held by Grail as well as resolve all claims against the company. I am the
27 Debtor's sole officer.

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1 3. Facing the threat that an involuntary petition would be filed and of numerous
2 demands from creditors and shareholders for payment, on December 30, 2015, the Debtor filed a
3 voluntary petition with the Court under chapter 11 of the Bankruptcy Code. The Debtor remains
4 in possession of its estate, no trustee having been appointed. The Debtor remains as a debtor-in-
5 possession pursuant to the provisions of Sections 1107 and 1108 of the Bankruptcy Code.

6 4. The Debtor has reviewed the Employment Agreement and has determined that in
7 light of the revocation of Mr. Woods' corporate authority to act on behalf of Grail and the
8 retention of Mr. Burkart as the sole officer of the Debtor, the Employment Agreement is no
9 longer necessary for or beneficial to the Debtor and will create unnecessary and burdensome
10 expenses for the Debtor's estate.

11 5. The Debtor seeks an order from this Court authorizing it to reject the Employment
12 Agreement effective as of the date this Motion was filed, as the Employment Agreement no
13 longer provides any meaningful value or benefit to the Debtor's estate.

14 I declare under penalty of perjury that the foregoing is true and correct. Executed on
15 January 25, 2016 at Sacramento, California.

/s/ Michael F. Burkart
MICHAEL F. BURKART